



PAY POLICY STATEMENT FOR CHIEF OFFICERS

January 2012

1. Introduction

- 1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement for Chief Officers for 2012/13 and for each financial year thereafter.
- 1.2 For the purpose of these Rules,
 - a) a "Statutory Officer" means the Head of the authority's paid service, the Chief Finance Officer and the Monitoring Officer;
 - b) a "director" means:
 - i) a person for whom the Head of the authority's paid service is directly responsible;
 - ii) a person who, as respects all or most of the duties of their post, is required to report directly (or is directly accountable) to the Head of the authority's paid service; and
 - iii) any person who, as respects all or most of the duties of their post, is required to report directly (or is directly accountable) to the local authority themselves, the Executive or any committee or sub-committee of the authority, whose duties are not solely secretarial or clerical, or are otherwise in the nature of support services.

2. Legislation

- 2.1 This policy is underpinned by national frameworks and legislation:
- 2.2 Section 38 (1) Localism Act 2011
- 2.3 Joint Negotiating Committee (JNC), National Joint Council for Local Government Services (NJC)

3. Scope of Policy

- 3.1 The Policy applies to Chief Officers.
- 3.2 Chief Officers as at January 2012 are determined to be the Head of Paid Service (Chief Executive), Deputy Chief Executive, the Monitoring Officer and the Heads of Service.
- 3.3 At present the management structure is under consultation and therefore some of the content of this policy may need to be amended once a revised management structure is in place.

4 The Aims of the Policy

- 4.1 The Policy aims to:
- 4.2 Provide clarity on the level and elements of remuneration of Chief Officers
- 4.3 Provide definition of its lowest paid employees and compare the pay relationship between the lowest and highest pay

- 4.4 Provide clarity on other specific aspects of chief officers remuneration e.g. remuneration on recruitment, increases and additions to remuneration, performance related pay and bonuses, termination payments, transparency.

5. Remuneration

- 5.1 The Council undertook a Pay and grading review of all posts in 2009-2010, using the Hay scheme. NJC and JNC spinal points were used however the pay structure is not an NJC or JNC structure.
- 5.2 The approach to pay position did not differ between levels of employee, however, the Head of Paid Service (Chief Executive) and Deputy Chief Executive pay model differ from the rest of the workforce pay structure. All pay grades have 4 increment points within each grade. The 2 most senior chief officer posts currently have one additional and discretionary increment related to performance.

6. Lowest paid employees

- 6.1 The definition of lowest paid employees at HDC is simply those employees on the lowest pay point in use by HDC. The reason for adopting this definition is for clarity and ease of understanding.
- 6.2 Remuneration of the lowest paid employees was set on market data and a transparent pay structure with each grade containing 4 increment points. The pay is based on the median pay position of the Hay Group National Public Not for Profit Market for all posts in the organisation and is therefore consistent. All posts have been subject to job evaluation and all new posts are evaluated prior to recruitment.
- 6.3 Through the shift to a median pay position, there are currently no employees paid at NJC scale 1 or below SCP 9.

7. Pay Multiples

- 7.1 The lowest paid employees therefore would be paid an annual salary of £13589 (increment 1 of the lowest grade) and the highest would be paid £96,549 (increment 1 of the highest grade). This equates to a multiple of 7.10. This falls well within the limits of a multiple of 20 as commented on in the Review of Fair Pay in the Public Sector report (Will Hutton 2011).
- 7.2 HDC has included in the pay and conditions of service April 2010 mechanisms for market related pay and additional responsibility payments (honoraria). These mechanisms have clear processes to follow.
- 7.3 The organisation undertook a pay and grading review of all posts within HDC in 2009-2010. One element of the project was to determine the market pay position HDC was to adopt. HDC moved from a market pay position around the lower quartile to a median pay position of the Hay Group National public and not for profit market.

8. Responsibility for decisions on remuneration

- 8.1 All matters relating to the employment of staff and their terms and conditions are delegated to the Head of Paid Service (Chief Executive). Given that the job evaluation and pay structure included the Chief Executive it was inappropriate for

proposals on a pay and grading structure and other terms and conditions to be determined under this delegation. It was therefore recommended and supported that the Interim Strategic Director, in consultation with the Portfolio Holder for Corporate and Service Delivery, be authorised to progress and conclude the review proposals and implementation. The Interim Director had no vested interest in the outcome and specialist external support, from Hay Group was engaged for the pay model and market assessment advice.

- 8.2 The council will establish an appropriate method for the annual review of remuneration for Head of Paid Service (Chief Executive) pay. The Head of Paid Service (Chief Executive) has responsibility for the remuneration of all other employees.

9 Pay and Performance

- 9.1 The HDC pay and conditions April 2010 clearly states its position regarding poor performance and the halting of incremental progression.
- 9.2 The Head of Paid Service (Chief Executive) and Deputy Chief Executive pay model differ from the rest of the workforce pay structure. All pay grades have 4 increment points within each grade. The 2 most senior chief officer posts currently have one additional and discretionary performance increment related to performance. Progression through to the 5th discretionary increment is subject to appraisal against specific objectives and stretch targets set in the preceding year. Retention of this increment thereafter is subject to the achievement of specific annual appraisal targets. This pay model reflects the importance of these posts in achieving the Council's strategic vision and aims to retain key post holders.

10 Remuneration Levels

- 10.1 These can be found for all employees in the pay and conditions booklet produced in April 2010. The pay bands Head of Paid Service (Chief Executive) and Deputy Chief Executive are outlined below.
- 10.2 An objective of the review was to examine the market position of current levels of pay and to look to move to a median position in the public sector pay market. In terms of Harborough's market position the Council's previous pay position followed the lower quartile of the national public sector market. *The effect was most marked in the higher grades where the line fell below the lower quartile. The lower market pay position affected the Council's competitiveness and ability to recruit, particularly at the higher levels. Additionally, the Council had lost staff in specific roles to neighbouring, similar sized authorities where salaries were more competitive.
- 10.3 The pay position for the Head of Paid Service (Chief Executive) and Deputy Chief Executive was again around the lower quartile and moved to a median pay position of the Hay Group National Public Not for Profit Market. The Hay Group examined both the formal salary survey and advertised vacancies from local government and general media in the previous year to the period in question. London Boroughs where the London premium distorted the picture, were not considered. This data was restricted to borough and district councils. The advantage of using advertised vacancies is that they provide a more up to date picture than surveys alone.
- 10.4 Pay awards are conducted in line with NJC and JNC agreements.

Head of Paid Service (Chief Executive)

Post No.	Local Grade	Local SCP	Incremental Points (1-4)				Discretionary Performance Increment
			1	2	3	4	
1	14	63-67	£96,549	£98,480	£100,449	£102,449	£106,598

Deputy Chief Executive

Post No.	Local Grade	Local SCP	Incremental Points (1-4)				Discretionary Performance Increment
			1	2	3	4	
2	13	58-62	£77,651	£79,204	£80,788	£82,788	£84,052

11. Pension Contribution Rates

11.1 The table below confirms the contribution bandings of the LGPS and applies to all employees.

Contribution Bandings 2011/12

If your Whole Time Pay Rate is up to **£12,900**, you pay a contribution rate of **5.5%**

If your Whole Time Pay Rate is more than **£12,901 and up to £15,100**, you pay a contribution rate of **5.8%**

If your Whole Time Pay Rate is more than **£15,101 and up to £19,400**, you pay a contribution rate of **5.9%**

If your Whole Time Pay Rate is more than **£19,401 and up to £32,400**, you pay a contribution rate of **6.5%**

If your Whole Time Pay Rate is more than **£32,401 and up to £43,300**, you pay a contribution rate of **6.8%**

If your Whole Time Pay Rate is more than **£43,301 and up to £81,100**, you pay a contribution rate of **7.2%**

If your Whole Time Pay Rate is more than **£81,100**, you pay a contribution rate of **7.5%**

12. Severance Payments

12.1 Severance payments as outlined below have previously been determined by Council.

12.2 a) Early payment of retirement benefits at the member's request (Regulation 30).
Adopted but only in cases where there is no cost incurred by the Council.

12.3 b) Flexible retirement – requirements as to time of payment (Regulation 18)
(A member, with their employer's consent reduces their hours and/ or grade can, but only with the agreement of the employer, make an election to the administering authority for payment of their accrued pension benefits without having retired from employment).

Adopted but only in cases where there is no cost incurred by the Council.

- 12.4 c) Augmentation or increase of scheme membership or pension (Regulations 12 and 13). Not adopted
- 12.5 d) Shared cost additional contribution facility (Admin Regulation 25(3)). Not adopted
- 12.6 e) Power to increase statutory redundancy payments (Regulation 5). Adopted
- 12.7 f) Discretionary compensation – part 1 lump sum payment (Regulation 6). Not adopted
- 12.8 Discretionary compensation – part 2 converting a lump sum into additional pension service (Regulation 6) Not adopted
- 12.9 Chief Officer staff will not be differentiated from other members of staff in terms of remuneration on resignation or termination.

13. Re-employment of Chief Officers.

- 13.1 HDC complies with Section 14 of the JNC handbook regarding the conditions of reemployment of chief officers.

14. Other remuneration elements

- 14.1 Other elements which make up remuneration include:

Stand by and / or call out, Additional hours and overtime payments, Public and Extra Statutory Days, Annual Leave, Public Holidays, Car User Allowances, Additional Responsibility payments, Payment of professional fees, Language skills payment, Designated First Aider payment.

These payments may apply to posts or to individuals across the organisation and are not limited to Chief Officers. Those which apply to chief officers are not enhanced but remain equitable with employees at all levels of the organisation.

15. Implementing the Policy and Procedure

- 15.1 Should be read in association with the Reward Strategy (currently being drafted), the HDC Pay and Conditions of Service (April 2010) and the Pensions and Retirement Discretionary Powers (as outlined above).
- 15.2 The policy should be complied with when HDC sets the terms and conditions for any chief officer.
- 15.3 The JNC conditions of service are incorporated in chief officers' employment contracts. During employment with the Authority the rate of pay, any other payments, standard hours of work, entitlement to holidays, holiday pay, sick leave and sick pay and certain other conditions of service will be in accordance with the JNC for Chief Executives of Local Authorities Scheme of Conditions of Service as adopted by the Authority from time to time and as supplemented and applied by the Authority's terms, conditions, policies and procedures.

16 Disclosure of chief officer pay

- 16.1 The threshold level for disclosure of senior pay for future years will be from the minimum point of pay grade 12.

17. Monitoring and Reviewing the Policy

- 17.1 Human Resources undertakes the responsibility for ensuring the maintenance, review and updating of this policy and procedure.
- 17.2 Amendments may be made in year but the policy is to be produced each year.